

PROPERTY VALUES AND TAXES IN SOUTHEAST WISCONSIN

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TABLE OF CONTENTS

Introduction.....	2
DATA And Methodology	4
Property Values.....	5
Total Equalized Values	5
Causes of real estate value changes	7
Residential property	7
Commercial and manufacturing property	9
Property Taxes	11
Property Tax Levy	11
Property tax rates	12
Effects on Taxpayers.....	14
Property Tax Bills	14
What the Future Holds	16
Conclusion	17

INTRODUCTION

For the past several years, the Public Policy Forum has produced annual reports analyzing property values and property taxes within the seven-county southeast Wisconsin region. Our purpose is to shed light on an important indicator of regional economic health and how it impacts the fiscal health and capacity of local governments and school districts.

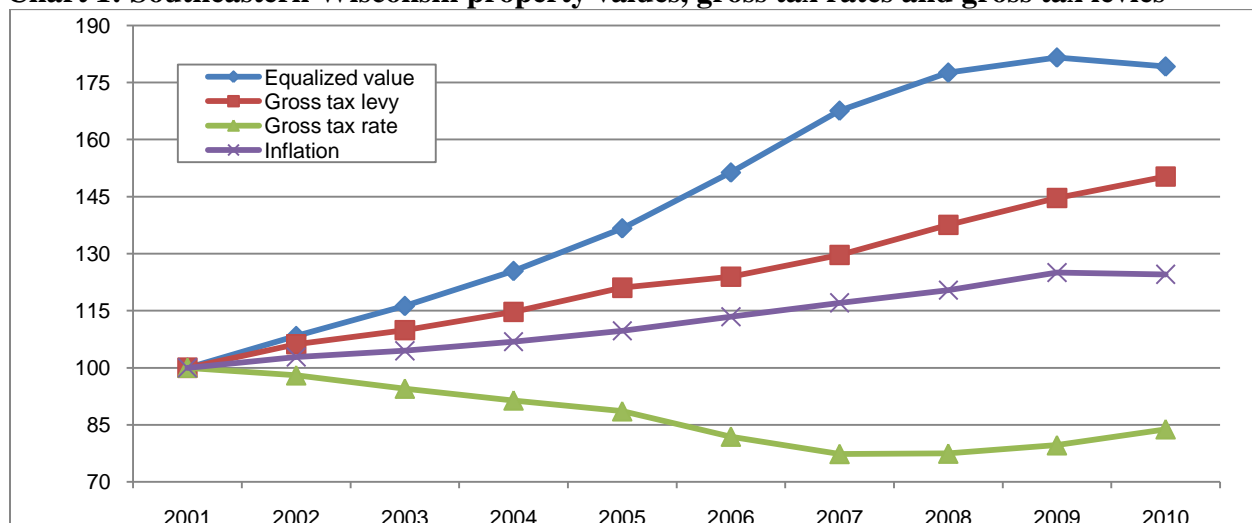
This year's report first examines 2009 property values, with specific consideration of multi-year trends. We then analyze 2010 budgeted tax levies and tax rates of southeast Wisconsin counties and municipalities to explore the relationship between valuations and taxes.

We find that for the first time since the Forum began analyzing property values in the region in 1992, those values declined. Yet, even with this decline, the gross tax levy for southeast Wisconsin increased 3.9% from 2009 to 2010. The increase was made possible by a significant increase in the aggregated gross tax *rate* for all municipalities and school districts in the region, from \$19.34 per \$1,000 of property value in 2009 to \$20.36 in 2010.

A municipality's tax levy is determined by both the total property value in the municipality or district and the tax rate that is applied to that value. Property values are established annually and the values from the previous year are used to determine the subsequent year's tax levies and rates.

Chart 1 illustrates these relationships. From 2001 to 2008, the steady increase of property values in southeast Wisconsin surpassed inflation and allowed local officials to decrease the tax rate while still increasing the overall tax levy to meet their expenditure needs. Officials have continued that upward trend in the tax levy in 2009 and 2010, despite the lack of growth in values, by increasing tax rates. If current downward trends in value continue – or if values do not increase at a rate commensurate with the expenditure needs of local governments and school districts – then tax rates will need to maintain sharp annual increases in order to provide for needed levy growth.

Chart 1: Southeastern Wisconsin property values, gross tax rates and gross tax levies



A summary of key findings from our 2010 analysis of property values and taxes in southeast Wisconsin:

- Equalized values in southeast Wisconsin declined 1.3% from 2008 to 2009, the first decline in the region in at least two decades. Total equalized values statewide also declined slightly from 2008 to 2009, decreasing 0.5%. Ninety-five municipalities in southeast Wisconsin saw a decrease in their property values from 2008 to 2009, significantly more than the 28 municipalities that experienced a decrease from 2007 to 2008.
- While property values in southeast Wisconsin decreased last year, property tax levies continued to grow (though the overall rate of growth slowed somewhat). The aggregate gross tax levy for southeast Wisconsin totaled \$3.9 billion for 2010, an increase of 3.9% over 2009. The prior year's growth in the aggregate gross tax levy for the region was 5.1%. The school district tax levy increased 4.9% from 2009 to 2010, making it the main driver of the increase in the region's gross tax levy.
- Property tax rates in southeast Wisconsin continued their growth trend in 2010. For the third consecutive year, the gross tax rate increased, rising \$1.02 per \$1,000 of property value from 2009 to 2010. The aggregate gross tax rate in southeast Wisconsin is \$20.36 for 2010.
- Residential property value declines were the driving force behind the overall decrease in values from 2008 to 2009. In 2009, residential property totaled \$139.2 billion in southeast Wisconsin, a decrease of 2.3% from 2008. The region's commercial property grew 2.3%, but that growth rate is the lowest one-year growth in the last decade.
- Based on the average residential property value in 2009 and the gross tax rate in 2010, the average hypothetical 2010 property tax bill in southeast Wisconsin declined from \$4,607 to \$4,401. Because the average residential property value in 2009 decreased 9.2% (to \$216,180), even with the 3.9% increase in the gross tax rate for southeast Wisconsin, the larger drop in property values kept the tax bill of the region's average homeowner from rising.

DATA AND METHODOLOGY

Municipal tax rates are based on the total value of all taxable property in each municipality, also known as the tax base. Because local assessors are responsible for determining the property values for their jurisdictions, total assessed value across municipalities and counties is not a uniform measure. To bring all values to a uniform level comparable across jurisdictions, the state equalizes assessed values by using tools such as market sales analysis, random appraisals, and local assessors' reports. Equalized values, calculated yearly, are meant to reflect fair market value (the most probable selling price).

Our analysis utilizes equalized values determined by the Wisconsin Department of Revenue (DOR) as of August 15, 2009. Total property value has two categories: real estate and personal property. Real estate makes up the overwhelming majority of the tax base and has eight classifications: residential, commercial, manufacturing, agricultural, undeveloped, agricultural forest, forest, and other. The three classifications analyzed by the Forum are residential, commercial, and manufacturing.

Changes in property value are classified in three ways. "Economic change" refers to remodeling of existing properties or changes as a result of market conditions. The other classifications include changes due to new construction and "other" changes, which include technical corrections that were made to the value of the property, demolition or destruction of property, and changes in the exempt status or classification of property. New construction drives total value growth because, as parcels are used more intensively, they generate a higher land utility.

This report also uses data from the Wisconsin Department of Revenue on 2009-10 municipal tax levies and tax rates in the seven counties of Southeastern Wisconsin. The data are not fully audited and thus are considered preliminary.

The tax levy is the amount of money that each taxing jurisdiction (county, municipality, school district, technical college district, tax increment finance district, special district and the state) budgets to receive from property taxes. Levies were decided in 2009 for the 2010 budgets. To calculate the tax rate as a mill rate, each government divides the levy by the total property value (tax base) in its jurisdiction and multiplies the result by 1,000. This calculation allows property tax payments to be distributed evenly among taxpayers according to individual property values.

Because each property taxpayer lives within several taxing jurisdictions, the various tax rates are added together to arrive at the gross tax rate. It is important to note that in this report, **when the gross tax rate or levy for a particular county is referenced, it does not refer to the rate or levy attributable to county government in that county, but to the aggregate total of all taxing jurisdictions in the county (including the county government).** Also, the net tax rate that determines each taxpayer's payment differs from the gross rate in that the net rate results from subtracting the state tax credit from the gross tax rate. Taxpayers can determine their individual payment by dividing their property value by 1,000 and multiplying the resulting number by the *net* tax rate. The report presents a hypothetical regional and county aggregated gross tax rate calculated by adding each municipality's gross tax rate together into a rate for southeast Wisconsin, or for a county, as a whole.

PROPERTY VALUES

TOTAL EQUALIZED VALUES

The recent trend in declining growth in equalized values across the State of Wisconsin, including southeast Wisconsin, continued in 2009. Equalized values in southeast Wisconsin declined 1.3% from 2008 to 2009, the first decline in the region in at least two decades. Total equalized values in the State of Wisconsin also declined slightly (0.5%) from 2008 to 2009. The decline at the state level can be attributed to the decline in values in southeast Wisconsin. If southeast Wisconsin is removed from the state total, the equalized values in the rest of Wisconsin were nearly identical from 2008 to 2009, slightly increasing by \$30 million, or 0.01%.

As **Chart 2** shows, between 2002 and 2006, annual growth rates in total equalized values in southeast Wisconsin, the State of Wisconsin and the City of Milwaukee increased steadily. Since 2006, growth rates have slowed dramatically, with 2009 rates reflecting negative growth, or a decline in values.

Chart 2: Changes in property values in Southeastern Wisconsin, State & City of Milwaukee (2000-2009)

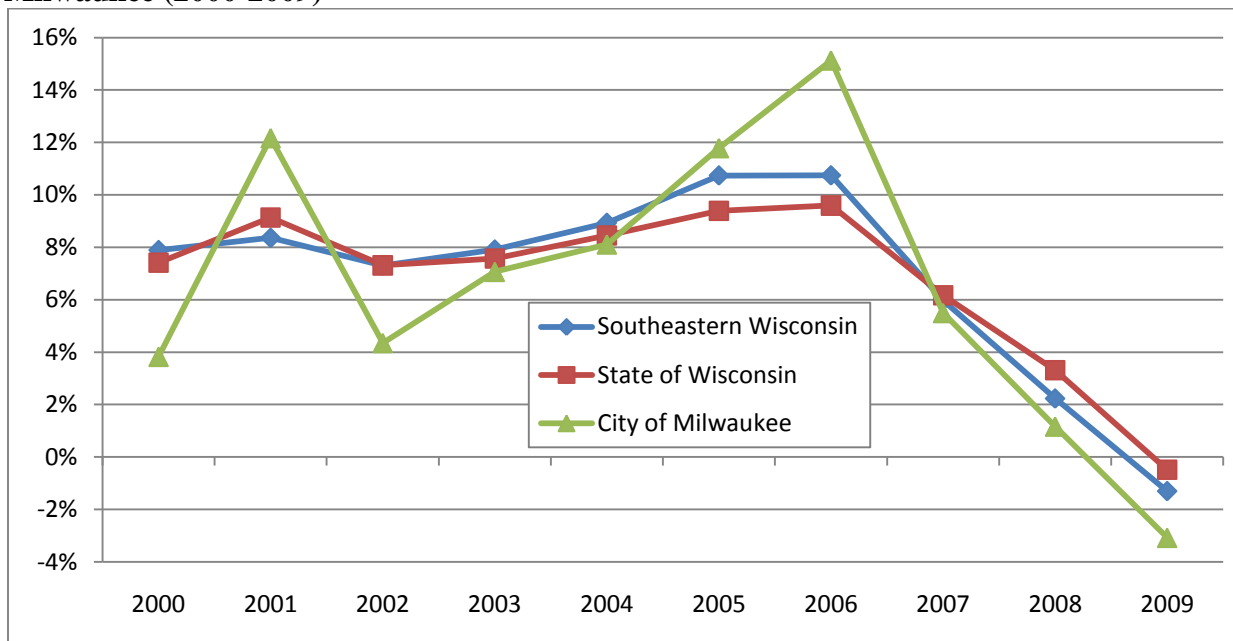
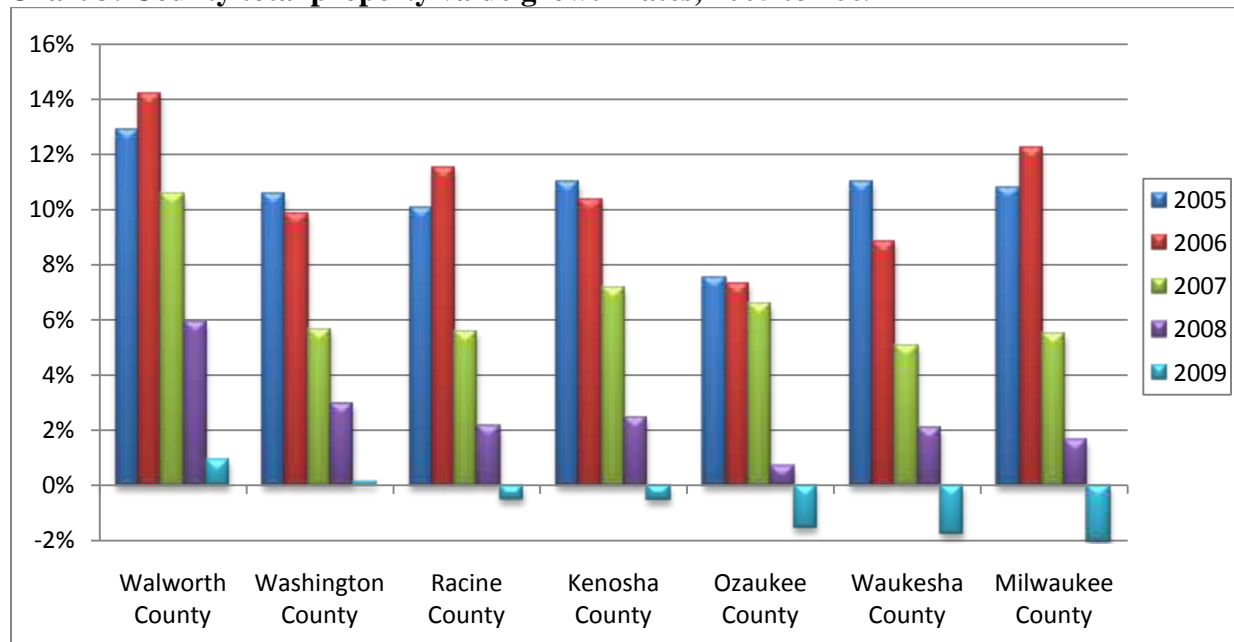


Chart 3 shows that almost every southeast Wisconsin county's total equalized value decreased from 2008 to 2009. Only two of the seven counties in the region – Walworth and Washington counties – had one-year increases in total equalized value. Walworth County had the highest growth in the region for the fifth year in a row (0.9%), while Washington County's total value increased 0.1%. Milwaukee County saw the largest decline in aggregate property values, with a 2% decrease 2008 to 2009. Values in Milwaukee County totaled \$66.8 billion in 2009, which was \$1.4 billion less than in 2008 and \$283.1 million less than in 2007. Milwaukee County was one of two counties in the region to have 2009 property values lower than 2007 values. Ozaukee

County was the other, with property values totaling \$11.2 billion in 2009, compared to \$11.4 billion in 2008 and \$11.3 billion in 2007.

Chart 3: County total property value growth rates, 2005 to 2009



These total values are made up of values from each municipality. From 2008 to 2009, 95 municipalities in southeast Wisconsin had a decrease in property value, significantly more than the 28 municipalities that had a decrease from 2007 to 2008. From 2006 to 2007, just three municipalities experienced a decrease. In addition, 59 municipalities had values that were lower in 2009 than they were in 2007. Meanwhile, 123 of the 146 municipalities in the region had a smaller *growth* in total property value from 2008 to 2009 than from 2007 to 2008.

Only one municipality in the region had a double-digit growth rate from 2008 to 2009: the Town of Linn in Walworth County, which had an increase in value of 12.2%. Six of the top 10 municipalities in terms of property value growth in southeast Wisconsin were in Walworth County. Three of the remaining 10 were in Ozaukee County and the other was in Racine County. Of the 20 municipalities with the highest growth rates, three were cities. The City of Lake Geneva was the highest-ranking city in terms of growth, increasing 3.7% and ranking 13th overall in value in the region.

Three municipalities in southeast Wisconsin had double-digit declines in value from 2008 to 2009. The Village of Lac La Belle in Waukesha County saw property values shrink by 16.6%, the greatest decline in the region. Among the region's cities, the City of Milwaukee ranks last in terms of one-year growth, with a decline in value of 3.1%.

CAUSES OF REAL ESTATE VALUE CHANGES

The overall decline in property value in the region reflects the drop in real estate values from 2008 to 2009. The aggregate real estate value of southeast Wisconsin in 2009 was 1.4% less than in 2008. “Economic change” (i.e. change attributable to market condition) was the leading cause of the decrease in real estate values. As **Table 1** shows, every county in southeast Wisconsin had a decline in aggregate real estate value due to economic change.

Without new construction, the decline in aggregate real estate would have been even more severe—in fact, the decrease in aggregate real estate value would have been double without the new construction in the region. Waukesha County had the largest increase in actual dollar new construction, followed by Milwaukee County. Milwaukee County had the largest decline due to economic conditions in the region. The total aggregate real estate value for the state as a whole declined 0.5% to just under \$500 billion. If southeast Wisconsin is removed from the state total, the 2008 and 2009 real estate values are nearly identical, with just a 0.02% decrease from 2008 to 2009.

Table 1: Changes in aggregate real estate values, 2008 to 2009

	2009 real estate value	Economic change	New construction	Other change	2008 real estate value
Kenosha County	\$14,641,117,700	(\$383,946,500)	\$330,365,100	(\$46,682,200)	\$14,741,381,300
Milwaukee County	\$64,849,423,300	(\$1,926,682,000)	\$602,387,900	\$3,824,900	\$66,169,892,500
Ozaukee County	\$11,053,112,400	(\$334,671,200)	\$136,814,000	\$36,509,000	\$11,214,460,600
Racine County	\$15,584,722,400	(\$232,239,500)	\$178,740,400	(\$35,357,800)	\$15,673,579,300
Walworth County	\$15,450,442,800	(\$60,083,700)	\$199,994,300	\$1,214,800	\$15,309,317,400
Washington County	\$13,857,974,100	(\$240,930,000)	\$246,006,800	\$3,820,000	\$13,856,717,300
Waukesha County	\$51,011,477,100	(\$1,419,352,400)	\$630,086,300	(\$207,459,500)	\$52,008,202,700
SE WI	\$186,448,269,800	(\$4,597,905,300)	\$2,324,394,800	(\$244,130,800)	\$174,232,169,800
State	\$499,856,206,900	(\$8,894,757,700)	\$6,959,245,500	(\$653,815,100)	\$502,445,534,200

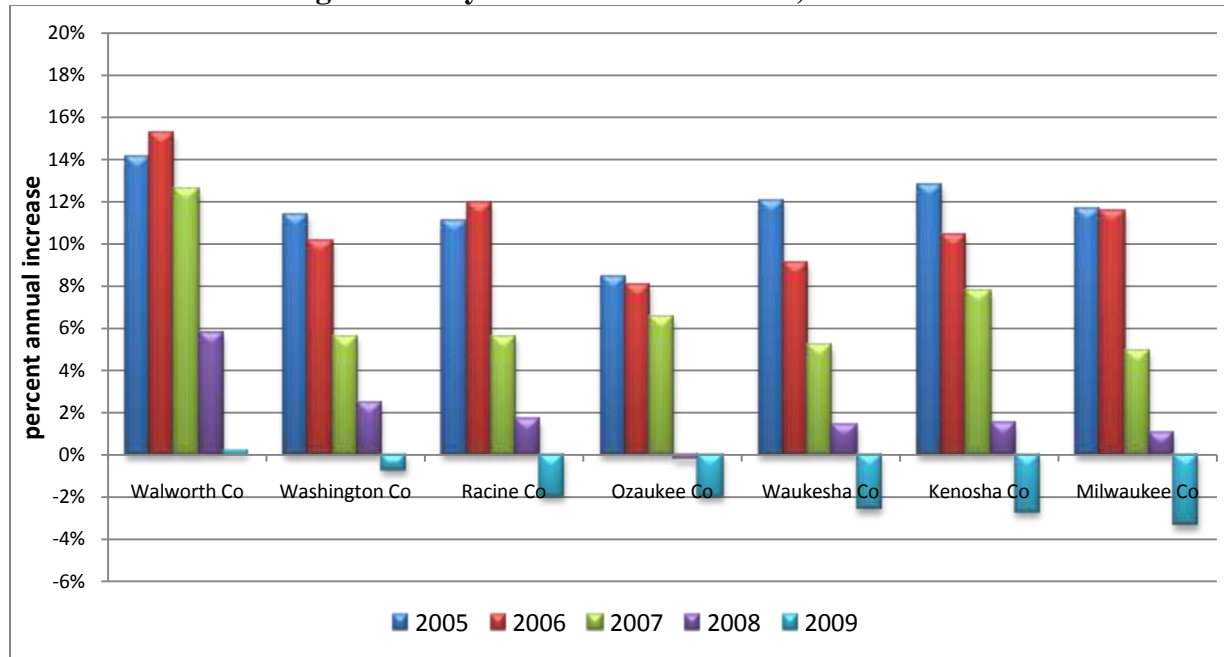
RESIDENTIAL PROPERTY

Residential property was the driving force behind the overall decrease in property values from 2008 to 2009. In 2009, aggregate residential property totaled \$139.2 billion in southeast Wisconsin, or 73% of the total aggregate equalized value in the region. The 2.3% decline in the region’s residential property value thus had a large effect on the overall property value for this part of the state. In addition, the decline in residential values in the region drove the state’s aggregate residential value down by 1.3% from 2008 to 2009. If southeast Wisconsin values are removed from the state total, residential property values in the rest of the state decline by just 0.7%.

Chart 4 shows that six of the seven counties in southeast Wisconsin had a decrease in aggregate residential property values from 2008 to 2009. Only Walworth County had an increase in residential values, although that increase was only 0.2%. In the previous year, Walworth County had an increase of 5.8%, and two years prior, it had an increase of 12.6%. Ozaukee County experienced its second consecutive year of decline in residential property values, with a decrease of 2.0% from 2008 to 2009. Last year, Ozaukee County was the only county in the region with a

decline in residential value. Milwaukee County experienced the largest decline in residential values in the region, decreasing 3.4%. The previous year, Milwaukee County residential values increased 1.1%.

Chart 4: Rates of change in county residential value totals, 2005-2009



At the municipal level, residential property value patterns closely mirrored the patterns seen in total equalized values. A total of 106 municipalities experienced decreased residential values from 2008 to 2009, as compared to 33 from 2007 to 2008. From 2006 and 2007, only one municipality had a decline in residential values.

Meanwhile, 40 municipalities in the region experienced an increase in residential values, with the Town of Linn in Walworth County growing the most (12.2%). Of the 10 leading municipalities in terms of residential property value growth, six are in Walworth County. The City of Lake Geneva in Walworth County was the only city among the region's top 10 municipalities in terms of growth of residential property, with an increase of 3.0%. In fact, only two cities were among the top 20 municipalities in residential property growth, with the other being the City of Oconomowoc in Waukesha County. In Southeastern Wisconsin, 122 of the 146 municipalities had a smaller growth in residential property values from 2008 to 2009 than from 2007 to 2008.

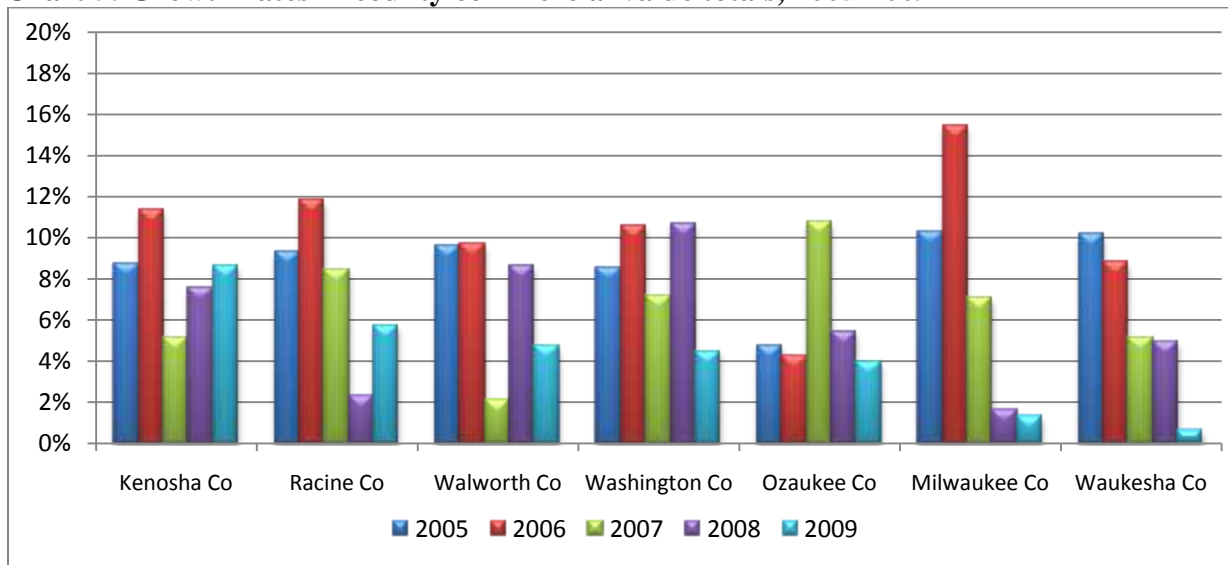
COMMERCIAL AND MANUFACTURING PROPERTY

Commercial property values in southeast Wisconsin, unlike residential property values, saw growth in 2009. Aggregate commercial property value in the region grew 2.3% from 2008 to 2009, though that growth rate is the lowest one-year growth in the last decade and compares to a 3.7% increase from 2007 to 2008.

In 2009, commercial property value accounted for 21% of the aggregate total equalized property value in southeast Wisconsin. At the state level, commercial property value grew 2.4% from 2008 to 2009, representing the third year in a row that commercial property value growth statewide outpaced southeast Wisconsin's growth. Last year, commercial property value grew 4.2% statewide.

As **Chart 5** shows, every county in southeast Wisconsin had an increase in commercial values from 2008 to 2009. Kenosha County's aggregate commercial values had the largest increase, at 8.6%. Both Kenosha County and Racine County had a larger increase from 2008 to 2009 than from 2007 to 2008. Four counties in the region this year had their lowest increases in a decade: Milwaukee, Ozaukee, Washington and Waukesha counties. Milwaukee County had the lowest increase in commercial property value in the region, with a 0.6% increase.

Chart 5: Growth rates in county commercial value totals, 2005-2009



At the municipal level, 20 municipalities had a double-digit increase in commercial property value, with the Town of Summit in Waukesha County nearly quadrupling its commercial tax base due to the construction of the new Aurora Medical Center. Meanwhile, 52 municipalities experienced a decrease in their commercial tax base. The City of Milwaukee's commercial tax base increased 1.9% from 2008 to 2009, ranking 57th among municipalities in the region.

Manufacturing property accounts for just 2% of all property in southeast Wisconsin. Aggregate manufacturing property values decreased 2.1% in the region from 2008 to 2009, the first such

decrease in at least a decade. From 2007 to 2008, manufacturing property increased 1.8% in southeast Wisconsin. Manufacturing property value in the state as a whole decreased 1.3% from 2008 to 2009, compared to an increase of 4.3% from 2007 to 2008.

In 2009, 120 of the region's 146 municipalities had a manufacturing tax base. Of those, 92 had a decrease in their total manufacturing property value, as compared to only 22 the previous year. Twenty-four municipalities had an increase in their manufacturing values from 2008 to 2009, while four stayed the same. The City of Milwaukee's manufacturing tax base decreased 3.5% from 2008 to 2009, ranking it 58th among the 146 municipalities in the region. From 2007 to 2008, the City of Milwaukee's manufacturing property value increased 4.9%.

PROPERTY TAXES

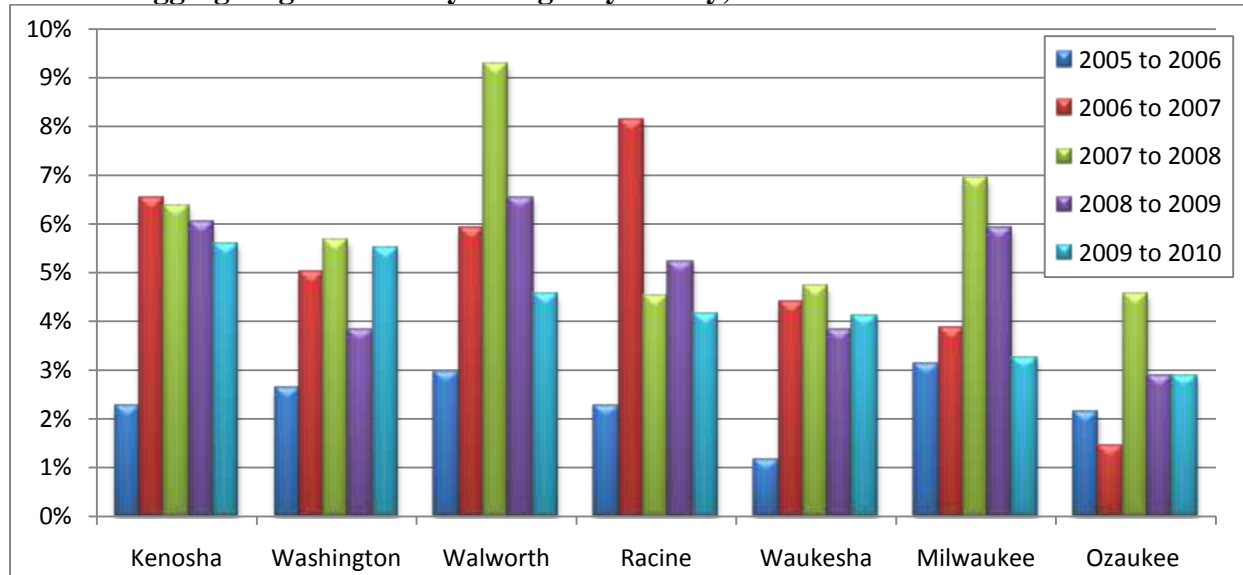
PROPERTY TAX LEVY

Although aggregate property values in southeast Wisconsin decreased last year, aggregate property tax levies continued to grow. The aggregate gross tax levy for southeast Wisconsin totaled \$3.9 billion for 2010, an increase of 3.9% over 2009. Last year, the aggregate gross tax levy for the region increased 5.1%. This year's increase of 3.9% is the lowest increase since 2005-2006, when the aggregate gross tax levy increased 2.4%.

School districts continue to be the main driver of the gross tax levy increases in southeast Wisconsin. The aggregate school district tax levy increased 4.9% from 2009 to 2010, while the municipal tax levy increased 3.3%, the technical college tax levy increased 2.6%, and the county tax levy increased 2.3%. The school district tax levy accounted for 45% of the aggregate gross tax levy in southeast Wisconsin in 2010, as compared to the municipal tax levy (26%), the county tax levy (15%) and the technical college levy (7%).

As **Chart 6** indicates, Kenosha County had the largest increase in aggregate gross tax levy at 5.6%. Two counties, Washington and Waukesha, had larger increases from 2009 to 2010 than from 2008 to 2009. Ozaukee County had the smallest growth in aggregate gross tax levy at 2.9%.

Chart 6: Aggregate gross tax levy changes by county, 2006 to 2010



This year, nine municipalities had a decrease in gross tax levy, compared to 10 municipalities last year and two municipalities the year before. Eight municipalities in the region had a double-digit increase in their gross tax levy, including the Town of Paris in Kenosha County, which saw its gross tax levy nearly double from 2009 to 2010. The City of Milwaukee's gross tax levy increased 2.9% from 2009 to 2010, ranking it 93rd out of 146 municipalities.

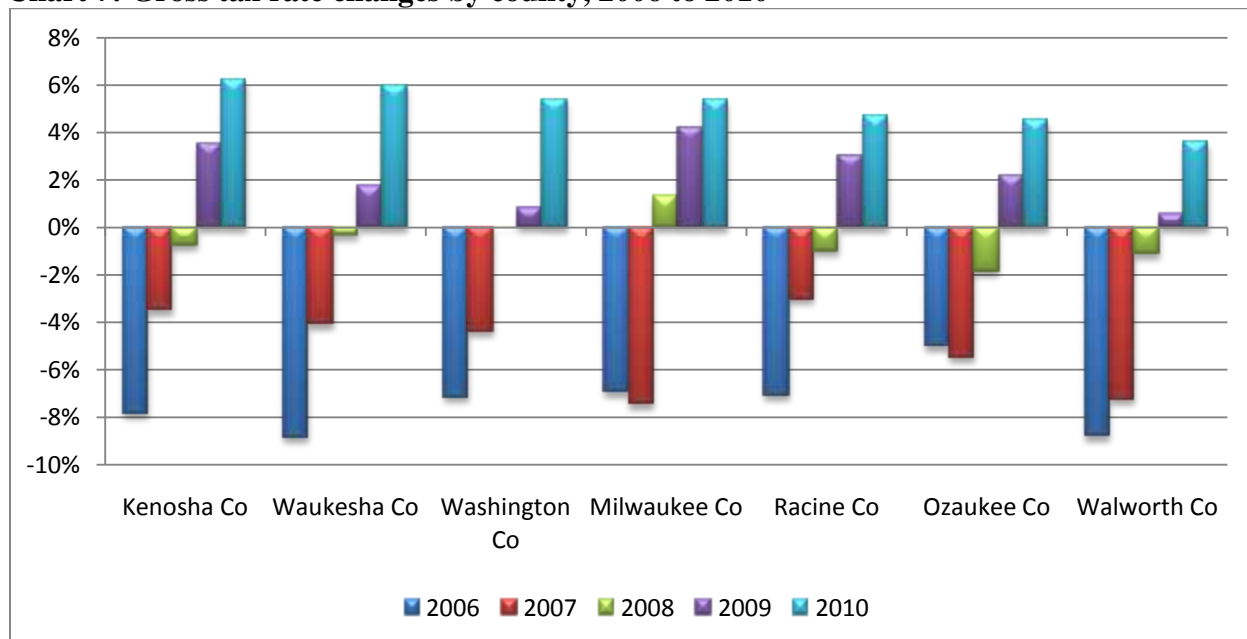
It should be noted that while this report analyzes the relationship between property values and local property tax levies, those levies also can be impacted significantly by the condition of the state budget and decisions made by policymakers in Madison. Local school districts, for example, are heavily dependent upon state aids, and cuts in those aids can place significant pressure on local school board officials to increase their property tax levies in order to maintain existing levels of school programming and staff. Similarly, **municipalities and counties rely heavily on state shared revenue and other state funding streams, and local officials often cite a correlation between reductions in those aids and increases in local property tax levies.** At the same time, state-imposed property tax levy caps on school districts and local governments often play a role in *reducing* annual property tax levy increases.

PROPERTY TAX RATES

Property tax rates in southeast Wisconsin continued their upward trend in 2010, with the third straight annual increase in the gross tax rate. From 2009 to 2010, the aggregate gross tax rate in the region increased \$1.02 per \$1,000 of property value. The aggregate gross tax rate in southeast Wisconsin is now \$20.36 per \$1,000.

As **Chart 7** shows, every county in the region experienced an increase in its aggregate gross tax rate from the previous year. In most cases, the increases in the gross tax rates from 2009 to 2010 are significantly higher than from 2008 to 2009. For example, Washington County had a 5.4% increase this year, compared to a 0.8% increase last year. Kenosha County, meanwhile, saw an increase of 6.2% from 2009, the largest increase in the region this year. Milwaukee County had the highest gross tax rate in Southeastern Wisconsin at \$24.77. Milwaukee County also is the only county in the region with three straight years of increases in the aggregate gross tax rate.

Chart 7: Gross tax rate changes by county, 2006 to 2010



Only five of the region's 146 municipalities, four of which are in Ozaukee County, experienced a *decrease* in their gross tax rate from 2009 to 2010. In 2009, 35 municipalities had a decrease in their gross tax rate while in 2008, 82 had a decrease. Most municipalities had an increase in their school district tax rate as well. In fact, only nine municipalities had a decrease in their school district tax rate.

EFFECTS ON TAXPAYERS

PROPERTY TAX BILLS

While some municipalities have high tax rates, this does not necessarily mean that taxpayers in those communities will have high tax bills. **Because a homeowner's tax bill is derived from applying the tax rate to the assessed property value, a reduction in value will mitigate an increase in the tax rate.** In other words, the annual change in a homeowner's property tax bill reflects not only a change in the rate, but a possible change in the assessed value of one's home.

We calculated an average hypothetical gross tax bill using the average residential equalized value in 2009 in each county and then applying each county's 2010 aggregate gross tax rate. We also did this for prior years for comparison purposes. We sought to perform this analysis for each municipality as well, but data constraints allowed us to perform the analysis using only county aggregates.

As noted previously, the average residential property value in southeast Wisconsin decreased for the first time between 2008 and 2009. The average residential property value in the region was \$216,180, a decrease of 9.2% from 2008. The average residential property value has not been this low since 2005, when it was approximately \$207,000.

In terms of county averages, Ozaukee County had the highest average residential property value in 2009 at \$291,345. **Walworth County had the third highest average property value in Southeastern Wisconsin, but had the largest decline in average value this year, falling 19.3%.** The average residential property value in Milwaukee County was \$174,578, the lowest in the region in 2009 and 5.6% less than in 2008.

The average taxpayer is starting to see some relief in property taxes according to our calculations, but mainly as a result of this reduction in property values. As **Table 2** shows, the average hypothetical gross tax bill in southeast Wisconsin declined from \$4,607 in 2009 to \$4,401 in 2010. Every county in the region had an average gross tax bill that was lower in 2010 than in 2009.

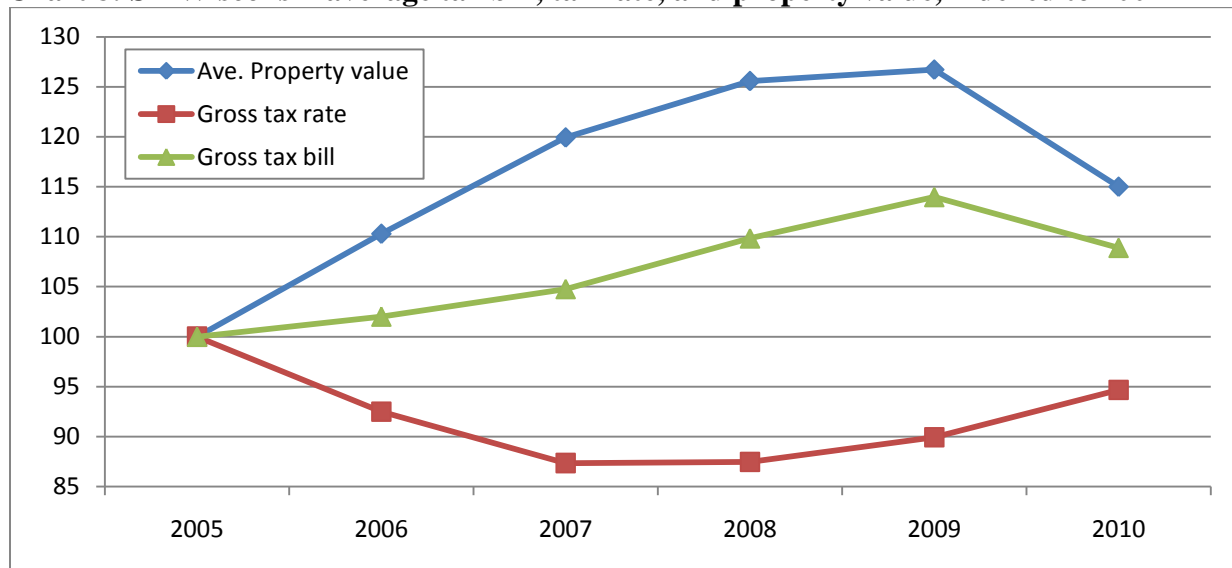
Table 2: Average property values, aggregate gross tax rates, and hypothetical gross tax bills

	2008 Averages			2009 Averages			2010 Averages		
	Value*	Rate	Bill	Value*	Rate	Bill	Value*	Rate	Bill
Kenosha Co	\$220,160	\$18.84	\$4,148	\$221,459	\$19.50	\$4,318	\$189,243	\$20.71	\$3,918
Milwaukee Co	\$183,666	\$22.56	\$4,143	\$184,874	\$23.50	\$4,345	\$174,578	\$24.77	\$4,324
Ozaukee Co	\$325,072	\$16.47	\$5,355	\$321,730	\$16.83	\$5,416	\$291,345	\$17.59	\$5,125
Racine Co	\$195,723	\$18.53	\$3,627	\$196,964	\$19.10	\$3,761	\$175,539	\$19.99	\$3,509
Walworth Co	\$299,832	\$15.89	\$4,765	\$314,008	\$15.98	\$5,018	\$253,525	\$16.55	\$4,197
Washington Co	\$253,040	\$16.38	\$4,144	\$254,728	\$16.51	\$4,206	\$226,077	\$17.40	\$3,934
Waukesha Co	\$316,768	\$16.00	\$5,069	\$318,463	\$16.28	\$5,184	\$290,093	\$17.25	\$5,004
SE WI	\$236,062	\$18.81	\$4,440	\$238,205	\$19.34	\$4,607	\$216,180	\$20.36	\$4,401

* Average aggregate residential equalized property value for the previous year.

Chart 8 further illustrates how the average residential value can affect the gross tax bill. **Chart 8** uses indexing to 2005 levels to show the average residential property value, aggregate gross tax rate and hypothetical gross tax bill in southeast Wisconsin on the same scale. The large drop in the average residential property value in southeast Wisconsin caused the average hypothetical tax bill to decline. The aggregate gross tax rate in the region has increased for three straight years, which in 2008 and 2009 helped the increase in the gross tax bill. In 2010, however, diminishing property values caused the gross tax bill to decrease 4.5%.

Chart 8: SE Wisconsin average tax bill, tax rate, and property value, indexed to 100



WHAT THE FUTURE HOLDS

In both 2009 and 2010, every county in southeast Wisconsin experienced an increased aggregate gross property tax rate. To explore whether the relationship between property value and tax rates would cause 2011 property tax rates to increase again, we developed a set of county-by-county projections for gross aggregate property tax rates. Our projections assume 2010 equalized property values in southeast Wisconsin will change at the same rate as in 2009, and the aggregate gross tax levy in each county will increase only by the average percentage increase experienced in that county over the past five years.

Table 3 shows the results of these projections. If property values in southeast Wisconsin again were to decline, and assuming that the gross tax levy increase will be in line with previous years', the aggregate gross tax rate in southeast Wisconsin would increase \$1.18 to \$21.54 per \$1,000 of property values in 2011. When examined by county, we see that the rate increase would equal or exceed \$1 per \$1,000 of property value in every county except Kenosha and Ozaukee.

Table 3: Estimated changes to gross tax levies and rates in Southeastern Wisconsin

	Equalized Value		Gross Tax levy			Gross Tax Rate		
	2009	2010*	2010	2011**	% change	2010	2011***	Change
Kenosha Co	\$14,915,551,100	\$15,054,794,356	\$308,839,612	\$325,388,991	5.4%	\$20.71	\$21.61	\$0.91
Milwaukee Co	\$66,836,154,500	\$66,921,417,840	\$1,655,418,596	\$1,731,665,444	4.6%	\$24.77	\$25.88	\$1.11
Ozaukee Co	\$11,198,770,300	\$11,142,289,035	\$196,994,489	\$202,466,850	2.8%	\$17.59	\$18.17	\$0.58
Racine Co	\$15,912,047,700	\$15,823,178,719	\$318,064,003	\$333,548,252	4.9%	\$19.99	\$21.08	\$1.09
Walworth Co	\$15,610,583,100	\$15,366,833,555	\$258,424,920	\$273,526,176	5.8%	\$16.55	\$17.80	\$1.25
Washington Co	\$14,086,775,600	\$13,836,038,297	\$245,148,681	\$256,255,697	4.5%	\$17.40	\$18.52	\$1.12
Waukesha Co	\$52,111,509,500	\$51,051,380,792	\$898,946,328	\$931,610,206	3.6%	\$17.25	\$18.25	\$1.00
SE WI	\$190,671,391,800	\$188,192,040,125	\$3,881,836,629	\$4,053,744,318	4.4%	\$20.36	\$21.54	\$1.18

* We assumed that property values would change in 2010 at the same rate as in 2009.

** Projected based on the average of the past five years of aggregate levy growth rates.

*** Projected based on estimated 2010 property values and projected 2011 tax levies.

CONCLUSION

This report highlights the fundamental relationship between property values and property tax rates, which is important for citizens to understand as they hold local elected officials accountable for developing balanced and responsible budgets for 2011. The effort to keep property tax rate increases to a minimum – while providing the necessary resources to maintain desired levels of government services – becomes increasingly difficult as property values decline.

The severe economic downturn continues to produce many difficult challenges for local governments. One of the most difficult of those is the need to accommodate a gulf between an increasing need for government services and decreasing availability of tax resources. This gulf is exacerbated when local governments are heavily reliant on a particular source of tax revenue, as they are in southeast Wisconsin, and when state aids are stagnant or also in decline. While property taxpayers understandably frown upon increased property tax rates, officials possess few other options for raising revenue. Consequently, the findings of this report, like several other analyses of local government finance conducted by the Public Policy Forum, suggest the need for renewed debate and discussion of revenue diversification for counties, municipalities and school districts in Wisconsin.

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